

Service Date: May 1, 1989

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER OF THE APPLICATION OF)	UTILITY DIVISION
MONTANA-DAKOTA UTILITIES COMPANY,)	
a Division of MDU Resources Group,)	DOCKET NO. 88.11.53
Inc., for Authority to Establish)	
Increased Rates for Gas Service)	ORDER NO. 5399a
_____)	

ORDER APPROVING STIPULATION

1. On March 30, 1989 the Commission received from Montana-Dakota Utilities Company (MDU) and the Montana Consumer Counsel (MCC) a stipulated agreement regarding capital structure and associated capital costs in Docket No. 88.11.53. The stipulation reported that Conoco Inc. and Exxon Corp., the other two parties in this proceeding, had been contacted regarding the agreement and that neither opposes the stipulation.

2. In the stipulation MDU and MCC requested that the Commission accept the terms of the stipulation and make them binding for the purposes of this proceeding.

3. The stipulation contains the following agreed upon capital structure and associated costs:

<u>Description</u>	<u>Ratio</u>	<u>Cost</u>	<u>Weighted Cost</u>
Long Term Debt	53.710%	10.074%	5.411%
Preferred Stock	4.815	4.834	.233
Common Stock	<u>41.475</u>	12.500	<u>5.184</u>
Total	100.000%		10.828%

4. A notice was issued to all parties that an informal meeting would be held in the Commission conference room, April 20, 1989, so that MDU and MCC could discuss the merits of the stipulation with the Commission and its staff. Representatives from MDU and MCC appeared at the meeting and explained to the Commission the basis and reasons for the agreement.

5. Based on discussions held during the informal meeting and the Commission's own analysis of the agreed upon capital structure and associated capital costs, the stipulation is found to be reasonable and is approved for ratemaking purposes in Docket No. 88.11.53.

CONCLUSIONS OF LAW

1. Montana-Dakota Utilities Company furnishes natural gas service to consumers in Montana and is a public utility subject to the regulatory jurisdiction of the Montana Public Service Commission. Section 69-3-101 MCA

2. The Commission afforded all parties to this proceeding notice and opportunity to participate in the informal meeting regarding the stipulation. The Commission acted at all times in conformance with its rule on voluntary settlement. ARM 38.2.3001.

3. The stipulation approved herein is an appropriate means of settling the issues of capital structure and cost of capital in this proceeding.

ORDER

THEREFORE, IT IS ORDERED that the stipulation between Montana-Dakota Utilities Company and the Montana Consumer Counsel regarding capital structure and capital costs in this proceeding is hereby approved, making these issues uncontested in Docket No. 88.11.53.

DONE IN OPEN SESSION at Helena, Montana this 1st day of May, 1989, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

HOWARD L. ELLIS, Commissioner

WALLACE W. "WALLY" MERCER, Commissioner

DANNY OBERG, Commissioner

JOHN B. DRISCOLL, Commissioner

ATTEST:

Ann Purcell
Acting Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.